

LCQ21: Employees Retraining Board courses

Following is a question by the Hon Chan Pui-leung and a written reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (June 4):

Question:

Training courses of the Employees Retraining Board (ERB) offered by the appointed Training Bodies (retraining courses) aim at assisting service targets in entering the employment market and continuously upgrading their skills. It has been reported that at present, the ERB had a balance of over \$13 billion but an annual deficit of about \$800 million to \$900 million, which has aroused public concern about issues such as the effectiveness and coverage of its courses, as well as the adequacy of its financial resources in the long run. In this connection, will the Government inform this Council:

(1) whether it knows the overall placement rate of trainees who had completed retraining courses in each of the past three years, together with a breakdown by training course;

(2) whether it knows if the ERB has followed up on a long-term basis the employment situation of trainees who have completed placement-tied courses and collected the relevant data (e.g. the average time taken to successfully secure employment, the proportion of trainees who have not successfully secured employment and the reasons for that); whether the ERB has provided trainees with the relevant employment advice; if the ERB has, of the details; if not, the reasons for that;

(3) as it is learnt that some people have repeatedly attended retraining courses for the purpose of applying for retraining allowance, leading to abuse and waste of resources, whether the Government has followed up in this regard; if so, of the details; if not, the reasons for that;

(4) as there are views that the contents of some retraining courses are overlapping and outdated, whether the Government knows if the ERB will consider keeping abreast of the times and further enhancing the courses, as well as adding more relevant courses to tie in with the current market demand; if the ERB will, of the details; if not, the reasons for that;

(5) whether the Government has assessed the effectiveness of retraining courses; as there are views pointing out that the enrolment rate of young people in retraining courses is relatively low, how the authorities promote and attract trainees of different age groups to enrol in such courses; and

(6) given that the ERB currently has an annual deficit of about \$800 million to \$900 million, how the Government ensures its long-term financial

sustainability so that it can continue to provide retraining courses?

Reply:

President,

Since its establishment in 1992, the Employees Retraining Board (ERB) has been playing an important part of the training strategy for the labour force. The 2024 Policy Address announced the reform of the ERB to enhance its role and positioning from providing employment-related training for low-skilled workers to devising skills-based training programmes and strategies for the entire workforce. Since January 2025, the ERB lifted the restriction on educational attainment of trainees and expanded the service targets to the entire workforce; increased the annual number of training places by at least 15 000; strengthened collaboration with higher education institutions and leading enterprises, etc; and enhanced career planning and job matching services, etc. In addition, the ERB is working out the details and timetable for medium- to long-term work, including how it could gauge and project future skills requirements, reposition itself and build a new branding, adjust its structure and staffing and amend the Employees Retraining Ordinance (the Ordinance). The ERB will submit its recommendations by the end of this year.

The ERB's operation is funded by the Employees Retraining Fund (ERF) under its administration. At present, the major sources of income of the ERF are investment return, Employees Retraining Levy (Levy) and course fees. In 2014, the Government injected \$15 billion into the ERF for generating investment income to finance the services and operation of the ERB. In addition, the Government injected \$2.5 billion into the ERF in 2020 to enable the ERB to implement the "Love Upgrading Special Scheme" and to meet the anticipated commitment arising from the increase in the statutory cap of monthly training allowance per trainee. On the Levy, all employers of workers imported under the labour importation schemes designated under the Ordinance are required to pay the Levy. The Levy is transferred to the ERF for the provision of training and retraining to local workers. In 2021-22 to 2023-24, the average annual Levy income was around \$59 million. The ERB has to optimise the use of the Government injection and strive to operate on a financially sustainable basis with due regard to cost effectiveness.

On the Member's question, in consultation with the ERB, my reply is as follows:

(1) and (2) At present, the ERB provides three main types of training courses, namely placement-tied courses, skills upgrading courses and generic skills courses. Of these, placement-tied courses are tailored for the unemployed to assist them in acquiring industry-specific vocational skills to enhance their employability.

Training bodies appointed by the ERB provide three to six-month placement follow-up services to all trainees who completed placement-tied courses (i.e. with an attendance rate of at least 80 per cent), such as

provision of job vacancy information, arrangement of placement counselling and recruitment activities, to help them enter the employment market. In light of the reform measures recommended in the 2024 review, the ERB has strengthened its career planning and job matching services, etc. The ERB will explore ways to enhance the level of its career planning and employment support services, thereby providing more comprehensive career development support for its service targets.

The employment decisions of trainees are affected by multiple factors such as the prevailing market situation, family factors and personal plans. In the past three years (2022-23 to 2024-25), the overall placement rates of ERB's placement-tied courses were above 80 per cent. The ERB is unable to breakdown the placement rate by training courses as the number of such courses is substantial.

(3) At present, retraining allowance will be provided for full-time placement-tied courses with duration of seven days or more to subsidise trainees' expenses for transport and meals during the period for attending the courses, with a view to encouraging and supporting citizens in receiving training. Trainees in placement-tied courses are required to pass the interviews conducted by training bodies to ascertain their intention to engage in employment. Only trainees who attain an attendance rate of at least 80 per cent are eligible to apply for retraining allowance. In addition, trainees can enrol in no more than two placement-tied courses within one year, and they are not allowed to apply for the same course, or course at a similar or lower level of competency in the same discipline as the course previously enrolled.

The ERB keeps under review the arrangement for disbursement of retraining allowance and implements enhancements in a timely manner to ensure the effective use of training resources. Starting from April 1 this year, the ERB has tightened the number of times a trainee can apply for retraining allowance each year, from a maximum of two times within one year and four times within three years to no more than once a year, to ensure effective use of the ERB's resources and that more citizens have access to training opportunities.

(4) The ERB closely observes the latest developments in the local employment market. To ensure that training courses meet the market demand, the ERB, during course development, conducts market research and demand analysis, consults stakeholders of various sectors such as employer associations, trade unions, the ERB's relevant industry consultation networks, industry experts and technical advisors. This is to ensure that the training courses meet the market needs and complement the industry's training needs. The ERB also conducts regular reviews of courses and make adjustments as needed after rolling out the courses.

In terms of medium- to long-term measures, the ERB will strengthen its research capabilities to grasp the trends for prevailing and future skills demands and the manpower needs of different industries (including emerging sectors). The ERB will formulate an appropriate training framework to guide

its training bodies to develop suitable courses to meet the upskilling needs of people with different backgrounds and educational attainments. The ERB will also strengthen collaboration with higher education institutions and leading enterprises to offer more and a wider diversity of courses on skills upgrading.

(5) The full Board of the ERB and its Quality Assurance and Review Committee are responsible for monitoring the performance indicators and overall performance level of training courses, and undertaking reviews when necessary. The ERB has established performance indicators covering such areas as utilisation of training places, trainees' completion of training and placement. Taking the most recent year (2023-24) as an example, all performance indicators were met.

Apart from training courses for the general public, the ERB also provides dedicated youth programmes for young people aged 15 to 29 to assist them in acquiring vocational skills training and placement services. In the past three years (2022-23 to 2024-25), the number of intakes aged 15 to 29 was around 6 per cent of the total number of intakes of ERB courses. The number of intakes of the dedicated youth programmes was also on the rise.

The ERB convenes regular meetings of the "Focus Group on Training for Youth" with representatives of employers, youth concern groups, social service sector, training bodies and the relevant government departments to review the dedicated youth programmes. The ERB also collects information on the employment and further studies of the graduates of placement-tied courses, to ensure that the courses align with the latest development and cater for the needs of the youth. The reformed ERB will continue to explore development of more skills-based and a wider diversity of courses to meet the upskilling needs of people with different backgrounds and educational attainments (including the youth).

(6) As of March 31, 2024, the ERF's balance was around \$13.5 billion. In 2021-22 to 2023-24, the ERF recorded deficits of around \$970 million, \$880 million and \$930 million respectively. During the same period, the incomes of the ERF was around \$610 million, \$730 million and \$640 million respectively, with interest income being the major income source; the ERB's expenditure was around \$1.59 billion, \$1.6 billion and \$1.57 billion respectively, with training courses and programme expenses being the major expenditure. The ERB will continue to closely monitor its financial position and report regularly to the full Board and its Finance and Administration Committee.

The medium- to long-term work recommended in the comprehensive review comprises reforming the ERB's functions, organisational structure and operating mode and consolidation of training resources. These involve amendments to the Ordinance and resources deployment. The ERB is further studying the medium- to long-term reform work with a view to submitting its recommendations to the Government by the end of this year. The Government will then study the follow-up work with the ERB and jointly implement the reform.